

THE PULSE OF THE INDEPENDENT GROCER

Southwest Sales Down -2.28% in January

Independent grocers in the Southwest region have reported that their same store sales in the first month of 2018 were down 2.28 percent compared to their sales in January 2017. The Southwest's numbers are similar to some other regions of the US, but trails behind the nation overall, which saw a 1.09 percent decrease in same store sales.

While overall sales have been dragging, the cost of food at home items continues to pick up. According to the Bureau of Labor Statistics, food at home prices increased 1.04 percent over the last 12 months, the first time the 12 month period has shown an increase over one percent since April of 2015. Food at home prices increased 0.1 percent during January.

Individual categories that showed increased during the month were fruits/vegetables (0.5 percent) and cereal/bakery (0.3 percent). The only decline came from meat/poultry/fish/eggs (-0.2 percent) and the other three categories – dairy, nonalcoholic beverages, and other – remained unchanged.

The index for all items increased 0.5 percent in January and 2.1 percent over the last 12 months mainly due to the rising cost of gasoline



and fuel oil.

The January unemployment report from the BLS showed higher than expected job gains at 200,000 for the month. The unemployment rate, size of the labor force, and labor force participation rate were all largely unchanged. One blemish on the report was that the previous two months' job gains were revised downward by 24,000 jobs, but on the flip side, hourly earnings increased 9 cents, a decent jump in a one-month period.

As the unemployment rate stays at a historically low level, we would expect to see a more sustained increase in hourly earnings as employers must compete with a shrinking available workforce. While this would affect the price of labor, it should help the overall economy as more dollars are being spent on consumer goods.

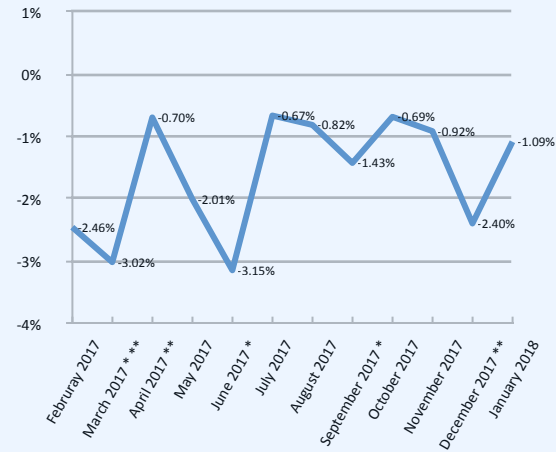
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Independent sales comparisons - current year vs prior year

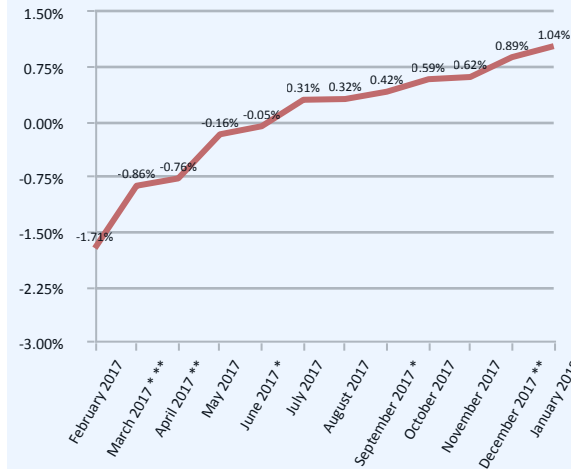
Southwest Sales - January 2018



National Sales



CPI Food At Home



Comparative Table

	National Sales	CPI Food At Home	Adjusted Sales
January 2018	-1.09%	1.04%	-2.13%
December 2017 **	-2.40%	0.89%	-3.29%
November 2017	-0.92%	0.62%	-1.54%
October 2017	-0.69%	0.59%	-1.28%
September 2017 *	-1.43%	0.42%	-1.85%
August 2017	-0.82%	0.32%	-1.14%
July 2017	-0.67%	0.31%	-0.98%
June 2017 *	-3.15%	-0.05%	-3.10%
May 2017	-2.01%	-0.16%	-1.85%
April 2017 **	-0.70%	-0.76%	0.06%
March 2017 ***	-3.02%	-0.86%	-2.16%
February 2017	-2.46%	-1.71%	-0.75%

* Denotes 5-week month

** Easter Holiday fell in different month in comparison

Sales comparisons are for full sales week of respondent closest to a Saturday weekend. Sales comparisons are for same store sales and do not include new stores without full prior year week.